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ABSTRACT

The system for financing education in Illinois fails to deliver sufficient resources to the school districts that need them most. Although no individual or administrative unit acts to deprive particular groups, the system as a whole does. Using Census figures, state and local tax records and information from the Illinois Board of Education, this report documents how the current system that relies on local property wealth protects the interests of well-educated, wealthy communities that can create islands of exceptionally well-financed schools. Residential segregation means that families with low incomes tend to be segregated from those with high incomes. The current state education finance system relies on a combination of local property tax revenues and funds distributed by the state. In fiscal year 1994, 59% of education revenues in Illinois came from local property taxes, while less than 33% came from state sources. The state's General Assembly helps compensate low-income districts, but does not do so sufficiently because it distributes too little money to overcome differences in property value between high and low property wealth districts. The people of Illinois, and lawmakers in particular, must begin to view state and local financial resources as part of a single system, and the state government must take greater responsibility for equalizing educational resources across districts. An appendix contains a table of districts by various categories. (Contains 32 figures.) (SLD)

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ED 403 349

Preserving Privilege: Inequity of the Illinois Education Finance System

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EXECUTIVE SUMMARY

The system for financing education in the state of Illinois fails to deliver sufficient educational resources to those school districts that need them most. No individual or administrative unit acts in any overt way to deprive particular groups of educational resources; yet, the system in its entirety functions that way. The system uniformly allocates financial resources toward those districts that already have the highest household incomes, where children's parents have the best education, and where test scores are already highest.

How and Why Does this Occur?

The system badly serves minority and low-income children because of a combination of how several factors work together:

1. African-American and Latino families tend to be segregated from whites residentially; families with low incomes tend to be segregated from families with high incomes.

2. Race and income levels are highly correlated such that as groups, African Americans and Latinos tend to have lower incomes than whites.

3. The current state education finance system relies on a combination of local property tax revenues and funds distributed by the state. In FY 1994, 59 percent of education revenues in Illinois came from local property taxes while less than 33 percent came from state sources.

   Districts with large numbers of African-American and Latino families tend to have lower property values and incomes and, therefore, less capacity to raise money locally for public education.

   Districts with low levels of parental education, low parental income, and low student achievement also have low levels of property wealth and low capacity to pay taxes.

   The state's General State Aid formula helps to compensate these low-income districts for their lack of financial resources, but does not do so sufficiently because it distributes too little money to overcome differences in property values between high and low property wealth districts.

4. It is evident from the lower average achievement scores in districts with large numbers of African-American and Latino, and low-income students that additional resources are needed to provide a quality education for all children in Illinois.

The system hurts low-achieving children for many of the same reasons that it hurts low-income and African-American and Latino children.

1. Low levels of student achievement are highly correlated with low levels of income in communities and low educational background of parents.

2. Because of the relationship between educational achievement and income, there is a strong inter-correlation of low levels of parental education and low levels of parental income.

3. The economic segregation of our society is also quite high, such that most school districts are easily characterized as being composed primarily of low, middle, or high income families.

4. Students who come from families with parents with little education tend to need the most assistance in school but, because of the link of this need with low-income levels, they are least able to get it. Data shows that the districts with the highest levels of parental education also spend the most on schools, a clear example of how the overall state education finance system fails to allocate sufficient funds where they are most needed.

It is clear from the evidence presented in this report that the system for financing education in Illinois must be restructured.

1. The people of Illinois, and Illinois lawmakers in particular, must begin to view both state and local level financial resources as part of a single system. Local property wealth must no longer be viewed as the sole possession of local communities.

2. State government must take greater responsibility for equalizing educational resources across districts. This is the only way to overcome the inequities created by the current proprety tax-based system.

3. The state must find ways to channel additional resources into districts where students at-risk because of low income, lack of community resources, or racial segregation tend to be concentrated. It is unfair that students who are achieving at high levels, and whose parents are better educated and have more money, also receive the most money for their educations.

INTRODUCTION

This report was written because of the need to explain in simple terms how and why the Illinois education finance system performs neither adequately nor equitably. The report is divided into four sections that graphically illustrate how and why the system addresses the needs of children of the most privileged communities in Illinois, and fails to provide sufficient resources for the children of our neediest.

The report asks the reader to think about the education finance system a little differently than people often do. First, it is important to understand that the State of Illinois ultimately sanctions both the structure of school districts and property taxes. While we often think about school districts and the property taxes that support them as a local matter, we must also recognize that it is the State of Illinois that has the constitutional obligation to provide an efficient system of education that educates children to the limits of their capacities. It is state and local funding together that cause the state to either succeed or fail in this mandate. Thus if a system is allowed to remain in place that allows parents of some school districts to provide two to three times more educational resources for their children than parents in other districts, it is a matter of the state's public policy. The state legislature has the legal power to decide to change this system. Not to change it also must be viewed as a policy decision.

Second, this report asks the reader to not think about the issues of education finance, economic development, racial housing patterns and strength of local communities in isolation. Social characteristics occur in patterns. It is not a coincidence that highly educated parents have high incomes, have more valuable property and tend to live together. Likewise, low levels of parental education correlate with lower incomes and resultant lower property values. Most people choose to live near other people who can afford the same quality of housing and enjoy similar cultures. Both individual choice and a history of segregation in housing have either led or forced most people in Illinois to live in communities where most residents also look like them. It is the intersection of parental education, wealth, and race that, when combined with our system's reliance on property value for educational funding, creates much of the unfairness of our current system.

Finally, this report attempts to take into account the variation in cost of living across Illinois when considering the distribution of revenues for schools. Costs of wages, housing, heating, and consumer items vary substantially across the state and it is important to account for this when assessing the sufficiency and fairness of the system of educational resource allocation. In this report, a cost of living index is applied to measures of revenue per pupil so that the purchasing power of tax dollars is not in effect overstated in high-cost areas of the state nor understated in low-cost areas.

This report documents how the current system that relies so heavily on local property wealth utilized locally protects the interests of well-educated, wealthy communities that can take advantage of our property tax system to create islands of exceptionally well-financed schools. It also shows how racially segregated minority communities in Cook County and economically

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segregated white communities downstate are systematically denied the educational resources accessible to the wealthy. We believe that a system that not only allows, but by its structure essentially ensures that this will occur must be changed.

THE CURRENT SYSTEM FAILS TO ALLOCATE MONEY WHERE IT IS MOST NEEDED

The state's education finance system channels financial resources where they are needed least and places great impediments in front of those districts most in need of additional resources. Four types of educational disadvantage are readily identifiable and easily documented at the school district level:[1]

Low levels of parental educational attainment.
Low levels of income in the child's community.
Racial segregation of children.
Low student achievement levels at early ages.

The following section documents how for each of these factors, the state's education finance system allocates disproportionate amounts of revenue to districts with children least in need.

The unrestricted revenues available for individual school districts to spend come from two major sources: General State Aid allocated by formula from the state government, and revenues raised from local property taxes. These are the revenues over which local districts have almost full control in implementing educational programs and are, therefore, the single best measure for assessing system-wide educational equity. However, the purchasing power of money is subject to differences in local costs. Housing and local labor costs have a strong impact on teacher salaries statewide. Energy and construction costs also vary regionally. In order to account for the variety of levels of need, we have weighted revenue per pupil by a statewide cost of living index.

It is important to note that although there has long been a tradition of regarding local property taxes as subject to local control in a way that, for instance, state sales or income taxes are not, the authority to raise property taxes -- and the maximum levels that can be raised -- are, in fact, governed by the state. Thus it is appropriate to think of the education finance system as a whole allocating both revenues aggregated at the state level, as well as revenues raised and spent locally. The imbalances in revenue per pupil that result from uneven distribution of property and wealth are not an immutable result of our economic environment. They are one of many possible ways state policy can be designed to allocate resources.

[1] See Methods and Sources for a detailed listing of statistical sources utilized in this study.

A. Children Living in Highly-Educated Communities Receive More Money than Children Living in Low-Educated Communities

One of the strongest predictors of children's future academic achievement is the educational attainment of their parents. Children of college-educated parents, on average, consistently have better grades, score better on standardized tests, and have higher rates of college attendance than children whose parents have lesser educational achievement. These children have access to greater help in the home and their parents have instilled in them expectations that they will move on to college and career.

Figure 1 shows that the Illinois education finance system allocates funds to those districts that, based upon the educational levels of adults in the community, need large amounts of funding least. The pattern is consistent across elementary, high school, and unit districts, each of which show a distinct pattern of high per-pupil revenues going to school districts that have the highest concentrations of college-educated adults and the lowest per-pupil revenues going to districts with the fewest college-educated adults.

Among elementary school districts statewide, districts with more than 50 percent of adults having college education received over $6,000 per pupil while districts with less than 10 percent of adults having college education received less than $4,000 per pupil. For high school districts, the range was from nearly $10,000 per pupil for children of the most highly educated adults, to less than $6,000 per pupil for children of the least educated adults.

Figure 1

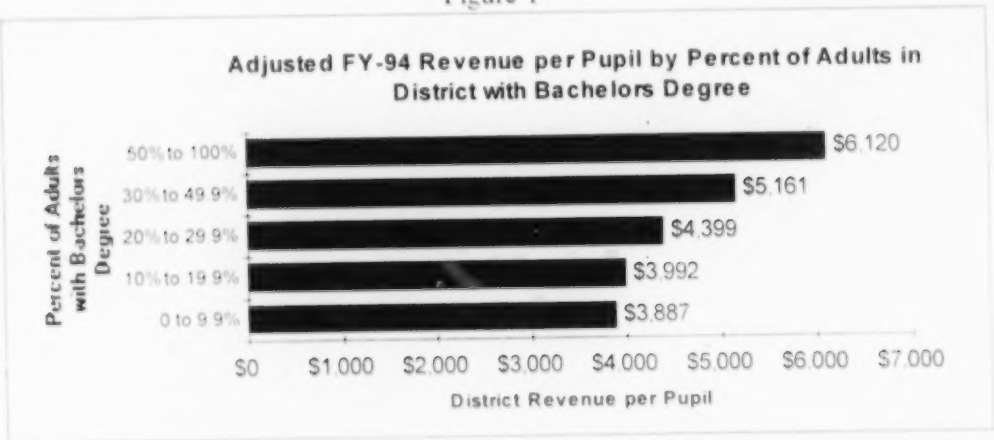


Figure 2

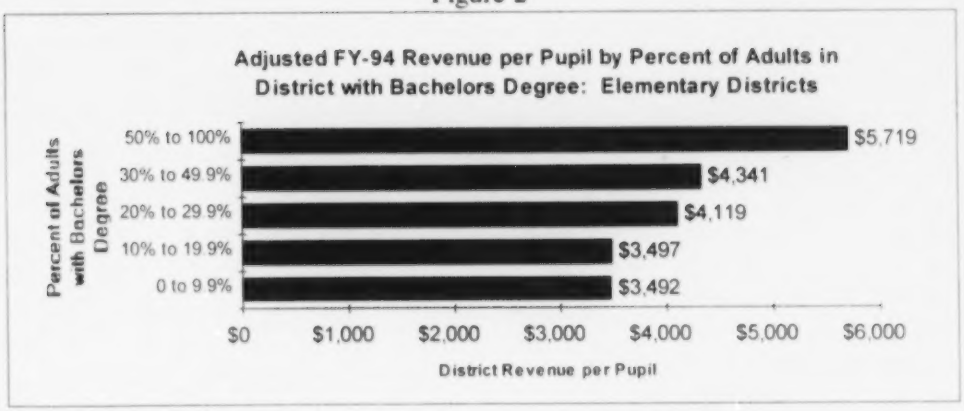


Figure 3

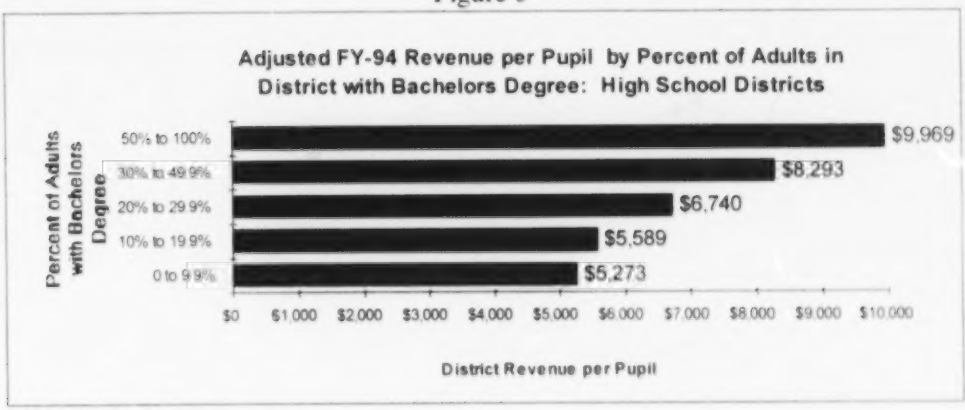
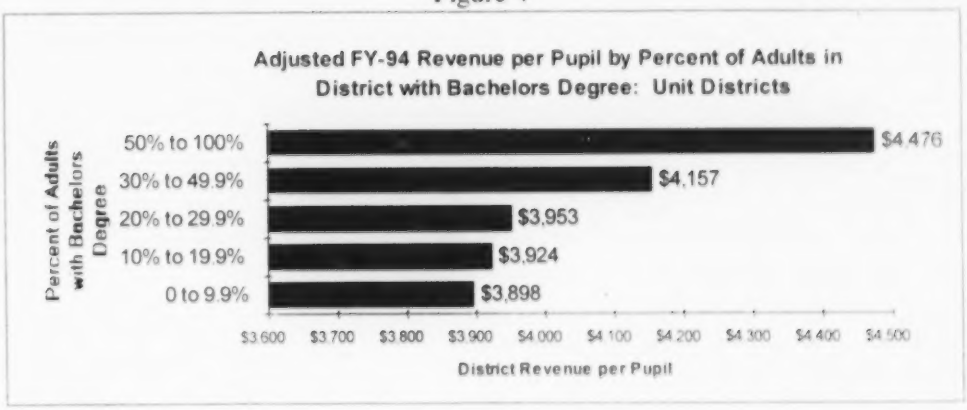


Figure 4



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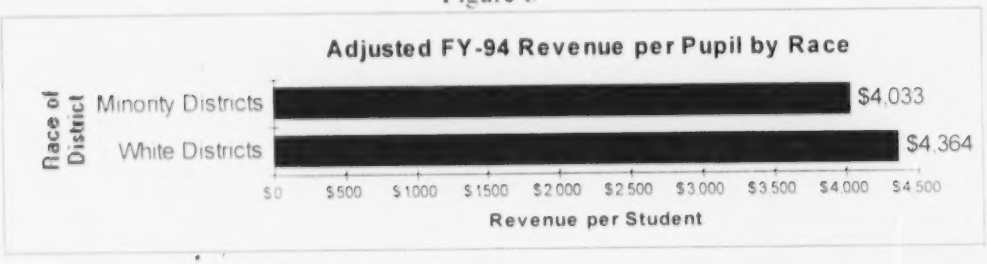
B. Districts with High Concentrations of Minority Students Receive Less Money than Predominantly White Districts in the Chicago Area

In northeastern Illinois, where most of the state's minority children live, school districts with high concentrations of African-American and Latino children receive less money per pupil than districts that are predominantly white.[2] Most minority school districts in Illinois are located in the northeastern Illinois six-county area, with East St. Louis the largest of predominantly minority districts located outside of that area. Disparity in funding is highly pronounced in the Chicago metropolitan area where minority elementary districts average almost $700 less per child than white elementary districts, and minority high school districts average $1,000 less per child than white high school districts.

Racial differences appear less pronounced on a statewide basis because the system performs so badly for the numerous low-income districts in the southern half of the state, which are largely white. The system works, therefore, less to discriminate against African-Americans and Hispanics; rather, it supports the privileged status of upper income whites in the Chicago area.

The racial disparity in funding would be even more pronounced if there were a sufficient means of accounting for student need. To some extent, the system tries to do this by weighting students eligible for free and reduced price lunches (State Chapter I program) in the General State Aid formula, thereby allocating additional money to districts with large numbers of low income children. These students are disproportionately African-American and Latino. However, even when accounting for this, Figure 6 shows that minority elementary and high school districts receive considerably less money per pupil than predominantly white districts, while unit districts are roughly even. Thus the system clearly fails to account for the additional educational need generated by an educational system largely segregated by race.

Figure 5



[2]Minority districts were defined as districts at least 50 percent non-white.

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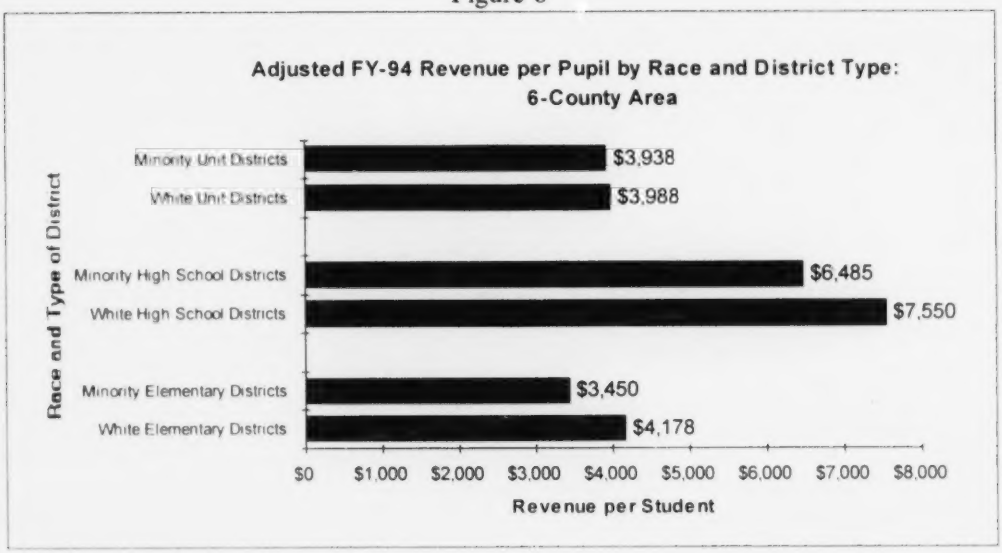
Figure 6


Adjusted FY-94 Revenue per Pupil by Race and District Type:
6-County Area
Race and Type of District
Minority Unit Districts
White Unit Districts
Minority High School Districts
White High School Districts
Minority Elementary Districts
White Elementary Districts
$3,938
$3,988
$6,485
$7,550
$3,450
$4,178
$0
$1,000
$2,000
$3,000
$4,000
$5,000
$6,000
$7,000
$8,000
Revenue per Student

C. Districts with High Income Adults Receive More Money than Districts with Low Income Adults

Another strong correlate with children's educational achievement is the wealth of children's parents and the communities within which they live. High-income parents are able to provide a wealth of educational resources to their children such as books, home computers, and travel, that are generally unavailable to low-income students. High levels of income tend to correlate with high levels of parental education and professional occupations, a set of factors that, when combined, create a strong educational role model. When William Julius Wilson writes of the dangers of concentrated poverty and the resulting deprivation of community resources, it is exactly these factors with which he is concerned.

Figures 7 through 10 show the high correlation between the median income of households in Illinois school districts and the amount of revenue per pupil available to those districts. Districts with median incomes exceeding $50,000 received over $5,200 per student in revenues while districts with median household incomes below $30,000 received educational revenues less than $4,000 per student.

Figure 7

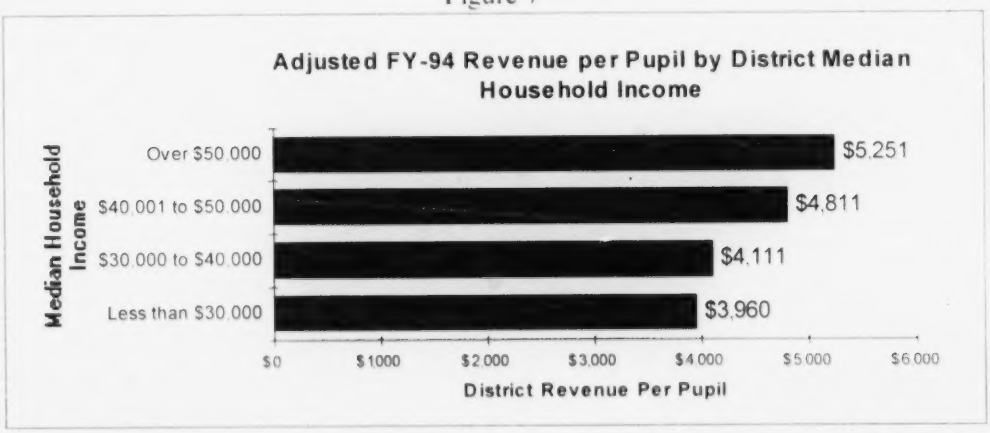


Figure 8

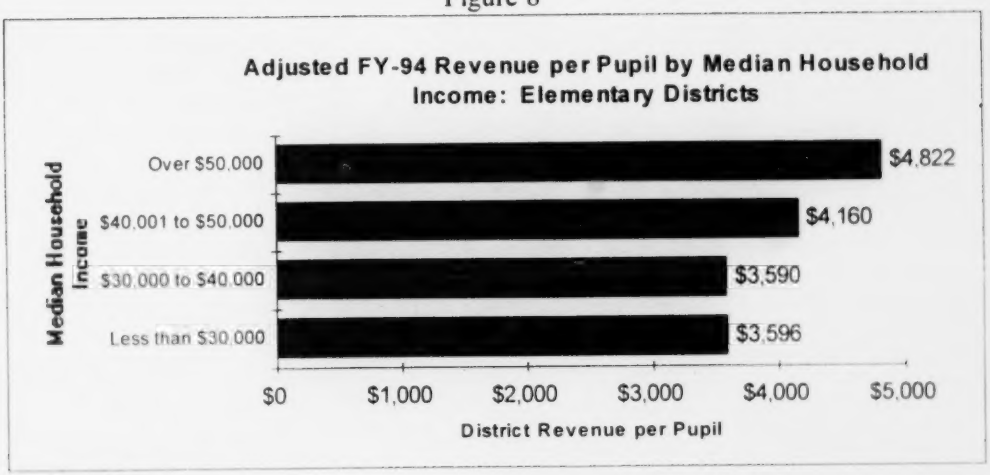


Figure 9

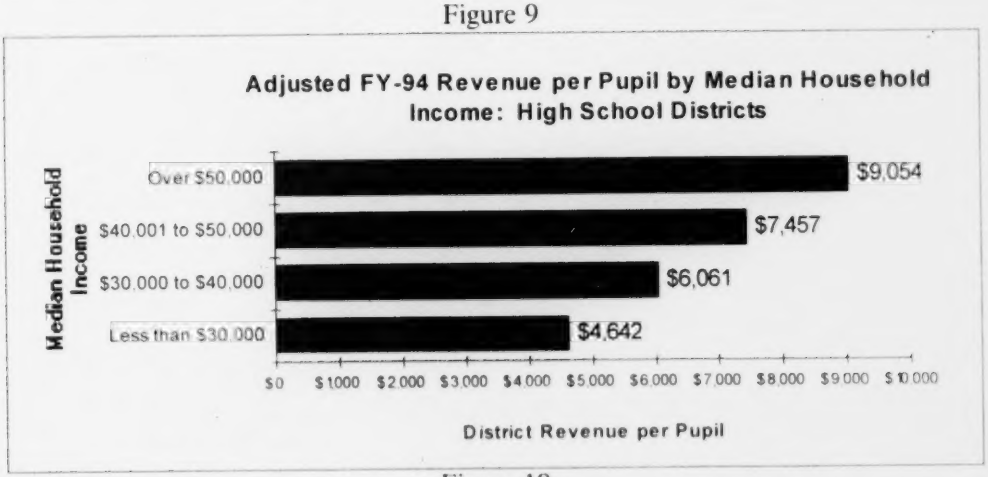
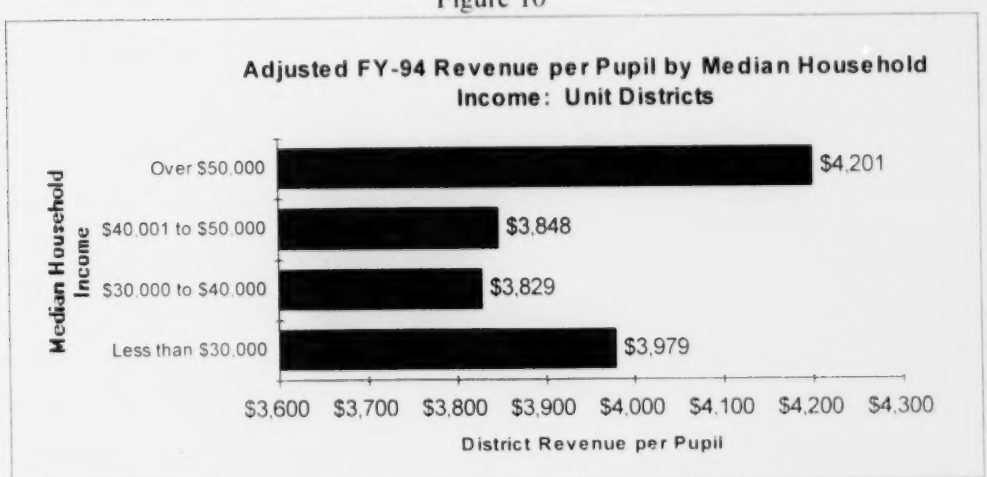


Figure 10



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D. Districts with the Highest Achieving Students Receive More Money than Districts with Low Achieving Students

Perhaps the most compelling indicator of need is the performance of students themselves. A broad literature exists documenting various educational programs around the country that lead to high educational outcomes. Additional financial resources for school districts make a difference in educational outcomes and are needed to compensate for the obstacles created by lack of community resources, lack of parental education, and racial segregation.

Figure 11 shows that the Illinois education finance system operates exactly opposite of the way it should. Elementary school districts with third graders achieving at the highest levels receive the greatest amounts of money per child while elementary districts with the lowest test scores receive the least amounts of money. This occurs because high levels of educational funding do lead to higher educational outcomes, and because high educational outcomes are associated with community wealth and parental education, which under the Illinois system in turn produce more educational funds.

Figure 11

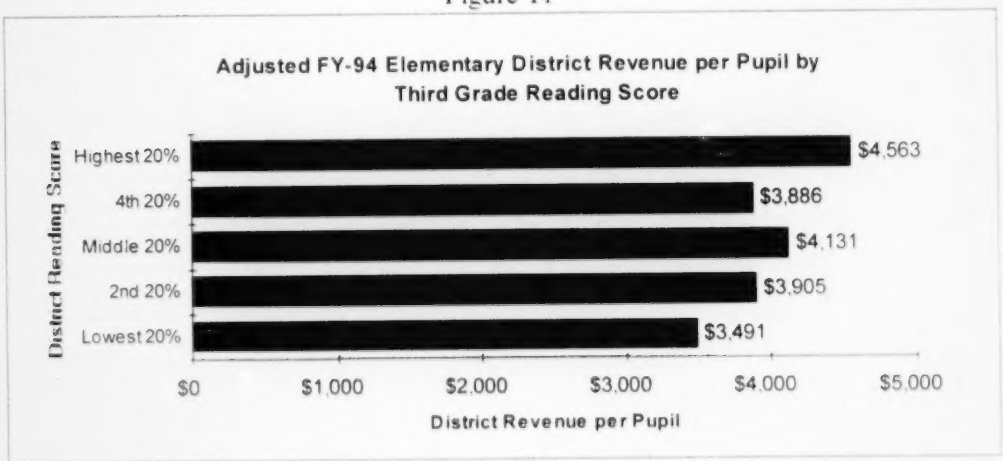
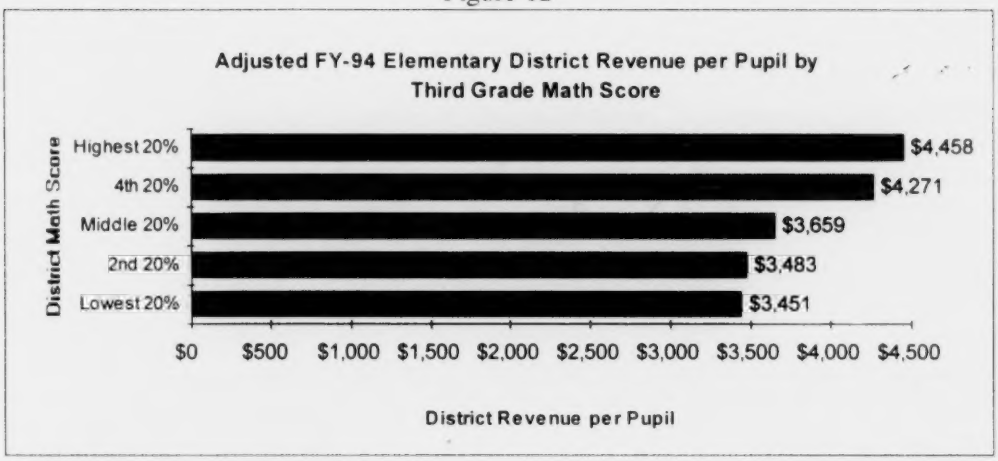


Figure 12


Adjusted FY-94 Elementary District Revenue per Pupil by Third Grade Math Score
District Math Score
Highest 20%
4th 20%
Middle 20%
2nd 20%
Lowest 20%
$4,458
$4,271
$3,659
$3,483
$3,451
$0
$500
$1,000
$1,500
$2,000
$2,500
$3,000
$3,500
$4,000
$4,500
District Revenue per Pupil

WHY THE SYSTEM ALLOCATES FUNDS INEQUITABLY

A. Segregation: Race

Because the state's education finance system relies so heavily on local sources of funding to support local school districts, the racial and economic segregation within Illinois become major impediments to the efficient and equitable allocation of resources. As the following analysis shows, the high correlation of racial minority status and lack of economic resources means that communities with high concentrations of African-Americans and Latinos will rarely have access to the educational opportunities created in high-income white communities.

Figure 13 illustrates the extreme levels of racial segregation prevalent in Illinois school districts. Overall, almost 70 percent of African-American and Latino students attending Illinois public schools live in school districts that are at least 75 percent African-American or Latino. Districts such as Chicago, East St. Louis, and several of the south Cook suburbs are almost entirely composed of racial minorities.

African-Americans tend to be more highly segregated than Hispanics.

- 71 percent of African-American students in the public schools live in districts at least 75 percent minority.
- 60 percent of Latino students in the public schools live in districts at least 75 percent minority.

Figure 13

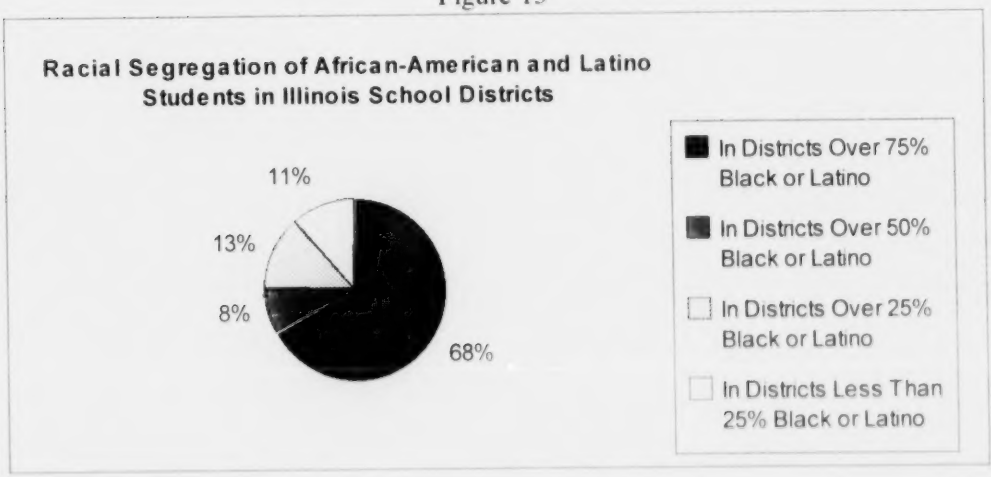

Racial Segregation of African-American and Latino Students in Illinois School Districts
11%
13%
8%
68%
In Districts Over 75% Black or Latino
In Districts Over 50% Black or Latino
In Districts Over 25% Black or Latino
In Districts Less Than 25% Black or Latino

Figure 14

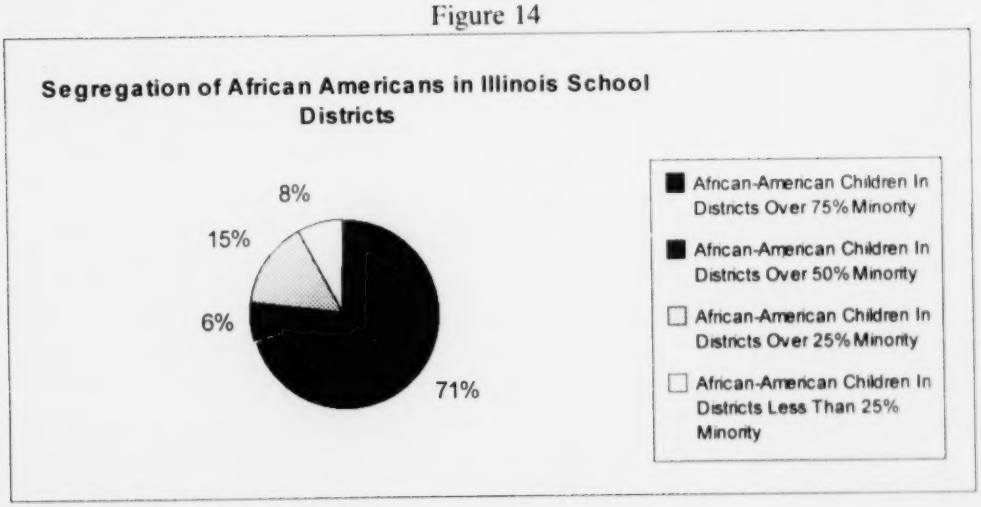
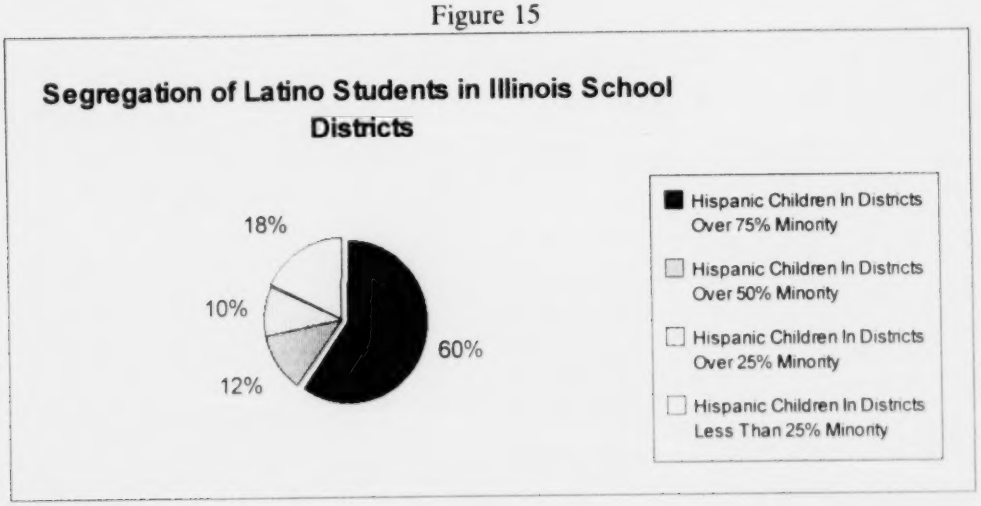

Segregation of African Americans in Illinois School Districts
8%
15%
6%
71%
African-American Children In Districts Over 75% Minority
African-American Children In Districts Over 50% Minority
African-American Children In Districts Over 25% Minority
African-American Children In Districts Less Than 25% Minority

Figure 15


Segregation of Latino Students in Illinois School Districts
18%
10%
12%
60%
Hispanic Children In Districts Over 75% Minority
Hispanic Children In Districts Over 50% Minority
Hispanic Children In Districts Over 25% Minority
Hispanic Children In Districts Less Than 25% Minority

Conversely, very few African-American or Latino children attend school with white children. Statewide, only 11 percent of African-American or Latino public school students attend school in districts that are at least 75 percent white.

These patterns of racial segregation of Illinois school districts are for the most part a product of housing patterns which historically have been determined both by discrimination in housing markets and individual choices. While many school districts operate student assignment programs that attempt to accomplish desegregation within districts, few such programs operate across district lines.

B. Segregation: Economic

Closely linked to racial segregation is the problem of economic segregation. The operation of housing markets tends to separate people on the basis of their income levels, i.e. their ability to afford various types of housing. Much research has documented the high correlation of race and income at most levels of our society. This phenomenon is particularly acute in the Chicago metropolitan area where 1990 median income for white families exceeds that of African American and Hispanic families by over $20,000 per family.[3]

	Median Family Income
White	$49,048
African American	$25,849
Latino	$28,839

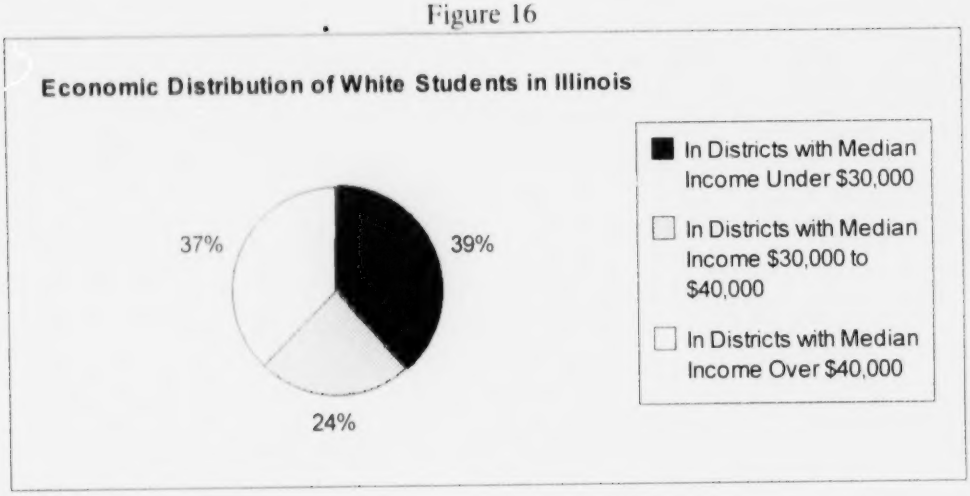
Race and adult educational attainment are also highly correlated.

	Rate of High School Completion
White	82.8%
African American	66.0%
Latino	43.9%

Children and families are highly segregated in Illinois with respect to race and income. As Figure 16 below shows, white children in Illinois schools are fairly evenly distributed across the three major income categories; almost 40 percent live in districts with 1990 median household incomes over $40,000 while 37 percent live in districts with median incomes under $30,000.

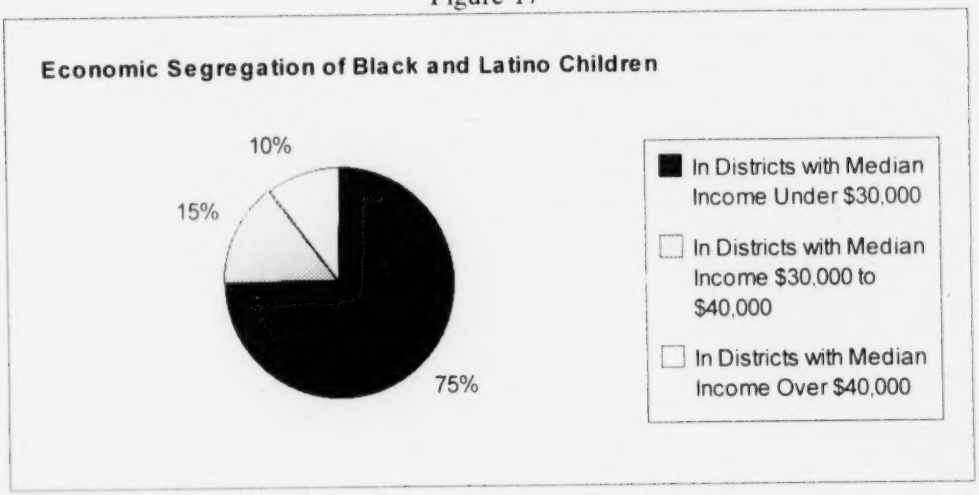
[3]Chicago Urban League, Latino Institute & Northern Illinois University, *The Changing Economic Standing of Minorities and Women in the Chicago Metropolitan Area, 1970-1990*, (1994) pp. 8, 22.

Figure 16


Economic Distribution of White Students in Illinois
37%
39%
24%
In Districts with Median Income Under $30,000
In Districts with Median Income $30,000 to $40,000
In Districts with Median Income Over $40,000

The pattern is very different for African-Americans and Latinos. Figure 17 shows that 75 percent of these students live in districts with 1990 median household incomes below $30,000 but only 10 percent live in districts with median incomes over $40,000.

Figure 17


Economic Segregation of Black and Latino Children
10%
15%
75%
In Districts with Median Income Under $30,000
In Districts with Median Income $30,000 to $40,000
In Districts with Median Income Over $40,000

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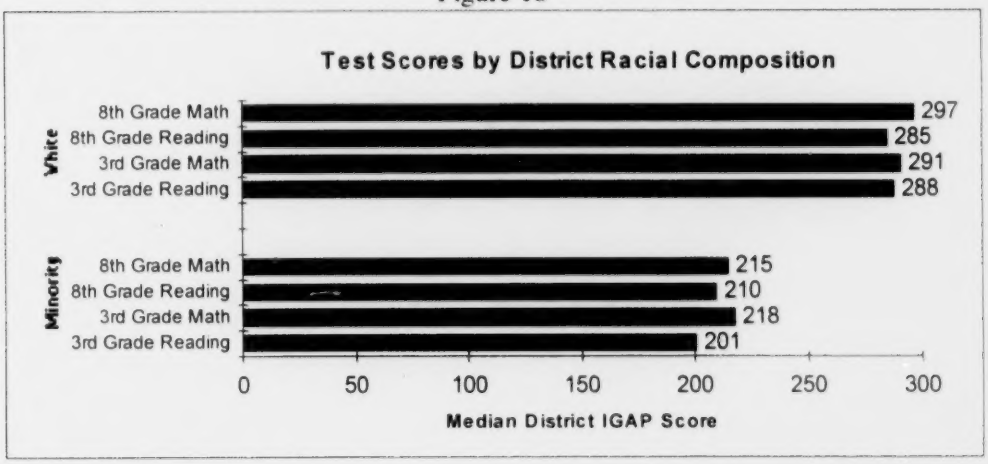
Why Segregation is a Problem

Patterns of racial segregation and economic structure work together to concentrate both racial minorities and poverty, creating highly segregated school districts that lack financial resources. If low-income, racially segregated minority children performed as well in school as other children, this would not be a problem. But they do not.

Race and Educational Achievement

Figure 18 below illustrates the dramatic difference in educational performance between children in districts that are over half African-American and Latino on the one hand, and children in districts over 90 percent white on the other. For each of third and eighth grade math and science on the Illinois Goals and Assessments Program test (IGAP), children in minority districts on average perform consistently, and substantially, worse than children attending school in predominantly white districts.

Figure 18



It is the interaction of socio-economic factors with race that produces the racial disparity in educational outcomes. We have already observed above the strong correlation in our society of race with income levels and educational achievement. It is no surprise, then, that these patterns extend to educational achievement levels as well. Students in the school districts with the highest median income levels and highest levels of parental education also have the highest achievement scores.

Income and Educational Achievement

Figures 19 and 20 below illustrate the high correlation between income levels and educational achievement in Illinois school districts. Districts with median household income levels exceeding $50,000 had median third grade reading IGAP scores exceeding 300 while districts with incomes less than $30,000 had a median score of only 274. The same pattern maintained in mathematics, with high income districts having average third grade IGAP scores of 338 and low income districts having median scores of only 275.

Figure 19

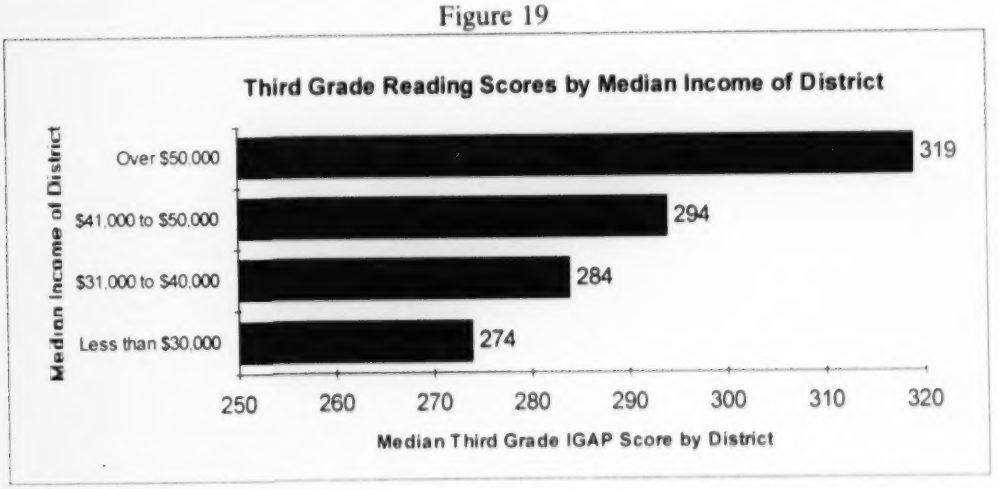
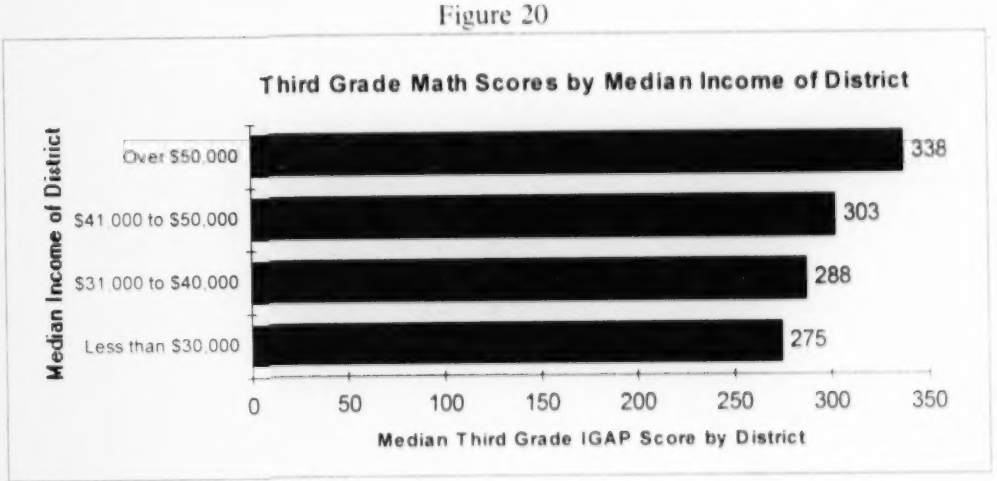


Figure 20



Parental Education and Educational Achievement

The concentration of persons on the basis of race and income also means that families are segregated on the basis of the educational achievement levels of adults. The educational level of parents is an extremely strong predictor of educational performance of their children and this is true likewise for communities and schools as a whole.

Figures 21 and 22 demonstrate the strong relationship between educational attainment of children and the degree of adult educational accomplishment in the school's surrounding community.

Districts with more than half of adults having earned at least a bachelor's degree had median third grade reading and mathematics IGAP scores of 336 and 360 respectively.

Districts with fewer than 10 percent of adults with bachelor's degrees had median third grade reading and mathematics scores of only 269 and 271 respectively.

Figure 21

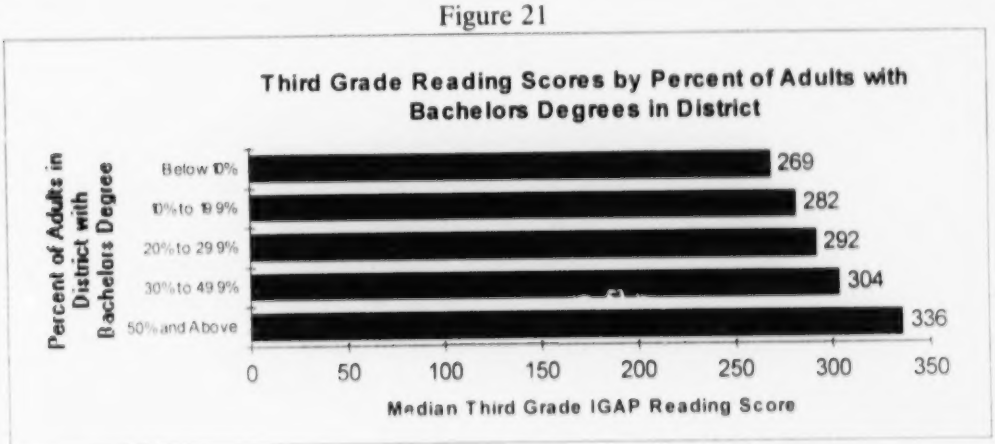


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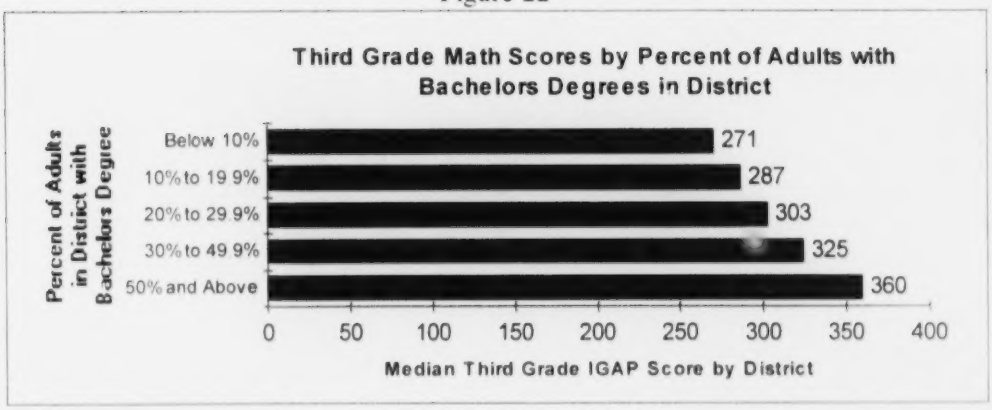
Figure 22


Third Grade Math Scores by Percent of Adults with Bachelors Degrees in District
Percent of Adults in District with Bachelors Degree
Below 10%
10% to 19.9%
20% to 29.9%
30% to 49.9%
50% and Above
271
287
303
325
360
0
50
100
150
200
250
300
350
400
Median Third Grade IGAP Score by District

WHY THE SYSTEM RAISES REVENUES INEQUITABLY

The Illinois education finance system is fundamentally based upon the ability of local school districts to levy taxes against their local real property. Because the state acknowledges the variation in local property values between school districts and the inability of some districts to raise sufficient funds locally to meet even minimal standards of educational adequacy, it supplies additional grants to local school districts that is essentially unrestricted in use. These grants are called General State Aid and include two major portions: 1) the amount of money generated for districts based on pupil count weighted for grade level, and 2) an additional amount of money based on the number of low income students attending school in the district.

Unfortunately, the amount of money guaranteed districts by the state, called the *foundation*, is inadequate to meet the educational needs of Illinois children and must be supplemented substantially by local funds if a district is to provide a quality education. Most districts providing high quality education provide thousand of dollars per pupil above the state's foundation level. Thus the ability of a district to provide a high quality education is directly related to the amount of property value per student that is available for taxation, and the capacity of local taxpayers to pay taxes levied against it.

The ability to raise money locally can be divided into two capacities: 1) ability to pay, and 2) sufficiency of property value to tax.

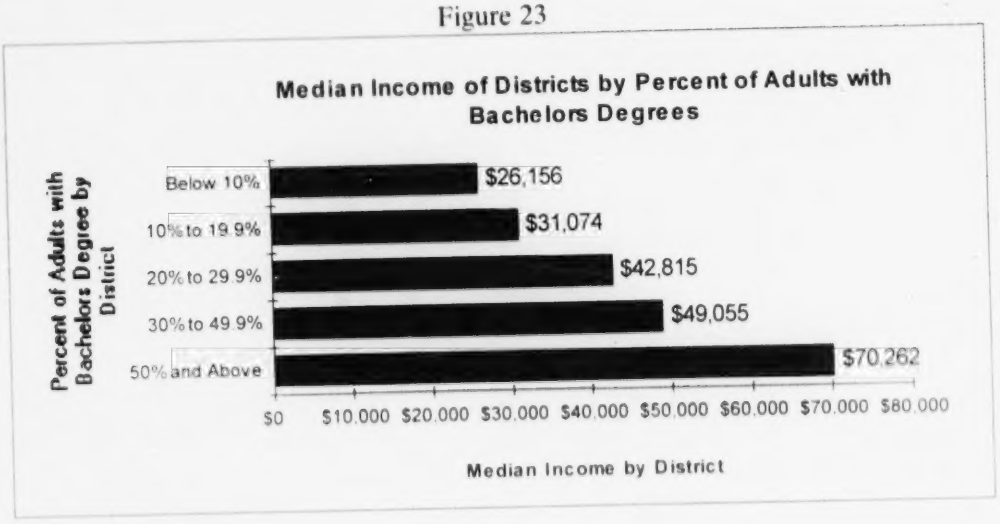
A. Districts with Greatest Needs Have Least Ability to Raise Revenues

Local property taxes are levied against the equalized, assessed value of real property located in the district. However, the ability to pay the taxes levied resides not in the value of the property *per se*; rather, in the levels of income and wealth of residents in the community. The high correlation of educational need with lack of income means that districts most in need of educational resources have the least capacity to pay taxes.

Low Levels of Parental Education

Figure 23 demonstrates the almost perfect relationship between the educational level of adults in school districts and their income levels, i.e. their ability to pay taxes. Parents whose schools most need additional educational resources cannot afford the requisite taxes. Districts with more than half of adults with college degrees average over $70,262 in household income. Districts with less than 10 percent of adults having college education averaged only $26,156 in income.

Figure 23



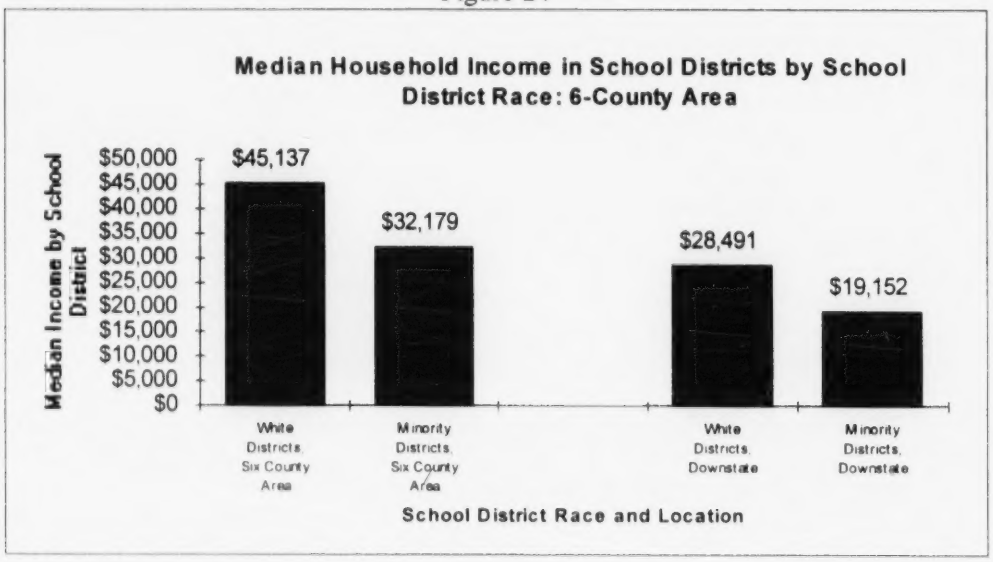
Low Achieving Students

As was observed above, low levels of academic achievement correlate strongly with low income communities. This means that parents who have the lowest achieving children in Illinois are least able to pay taxes to purchase the educational services that would contribute to improved educational performance.

Concentrations of African Americans and Hispanics

Figure 24 shows the strong relationship between median household income in school districts and racial concentration in the six-county area and downstate. In northeast Illinois, predominantly white school districts average more than $12,000 more per household than do districts with large numbers of African-American and Latino students.

Figure 24

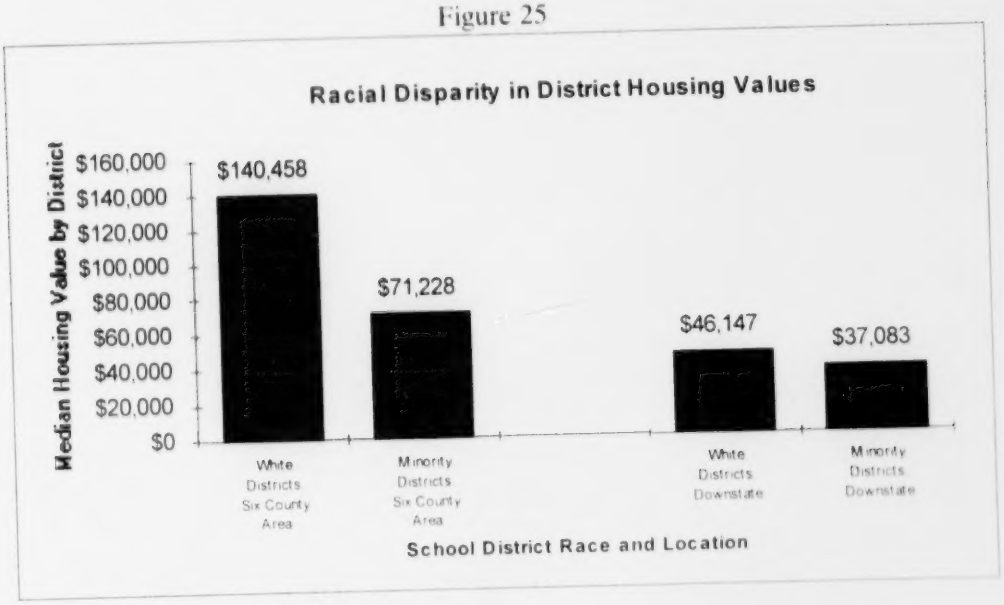


B. Districts with Greatest Needs Have the Least Property to Tax

Like income levels, housing values in Illinois school districts vary with the race of residents and the educational attainment of adults living in the community. The lack of home value in districts with the greatest educational needs creates a systemic obstacle to allocation of financial resources to schools where funds are most needed and gives students of the wealthiest, most fortunate parents the greatest opportunity to receive the best education money can buy.

The disparity in housing value by race is particularly pernicious as it results in part from vestiges of discriminatory housing markets. In the six-county area, median home values in white school districts were more than twice the median home values of districts with large numbers of African-American and Latino students. Downstate, average housing values in predominantly white districts were approximately $9,000 higher than for districts with large numbers of African-American and Latino students.

Figure 25



When the concentration of adults in the community with college education is considered, district differences in housing valuation become even more extreme. Districts where more than half of adults have attained college degrees or better have median housing values of almost $250,000. Conversely, districts with less than 10 percent of adults having finished college average less than $40,000 in home value.

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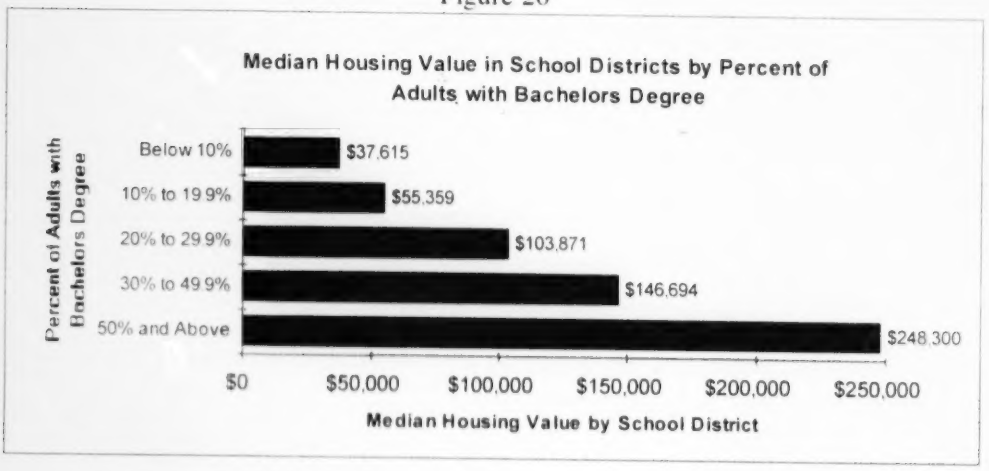
Figure 26



For each of the key indicators of student need -- low educational performance, low parental education, and racial segregation -- property value per student (ability to raise revenues) is substantially lower in high need districts than in districts with few needs.

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Educational Performance and Property Values

Figures 27 and 28 below present the strong relationship between student educational achievement and school district capacity to raise money through property taxes. Districts with the highest achieving third graders average approximately twice as much property value per student as districts with the lowest achieving students.

Figure 27

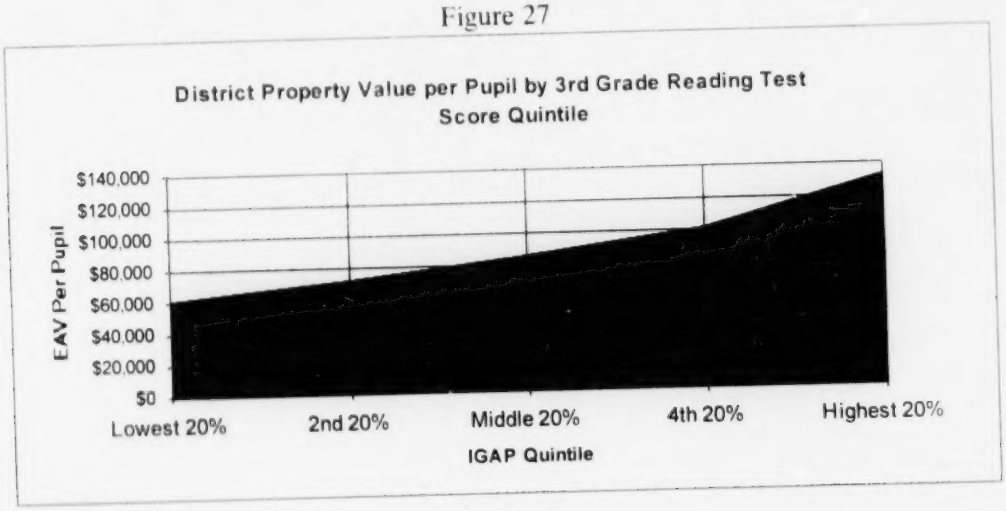
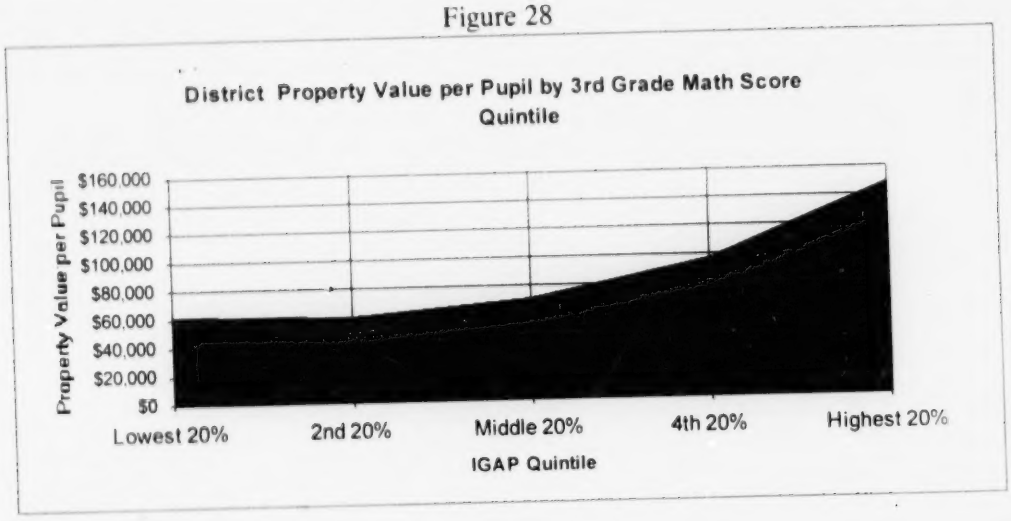


Figure 28



Parental Education and Property Values

Figures 29, 30 and 31 show that the same pattern of students with the most needs having least access to resources persists when levels of parental education are considered. Whether for elementary, high school, or unit school districts, the educational attainment of adults in the community correlates highly with the amount of property value per student. In other words, communities whose students come from homes with the greatest levels of educational support also are able to draw upon the largest amounts of property from which to raise money for their schools.

Figure 29

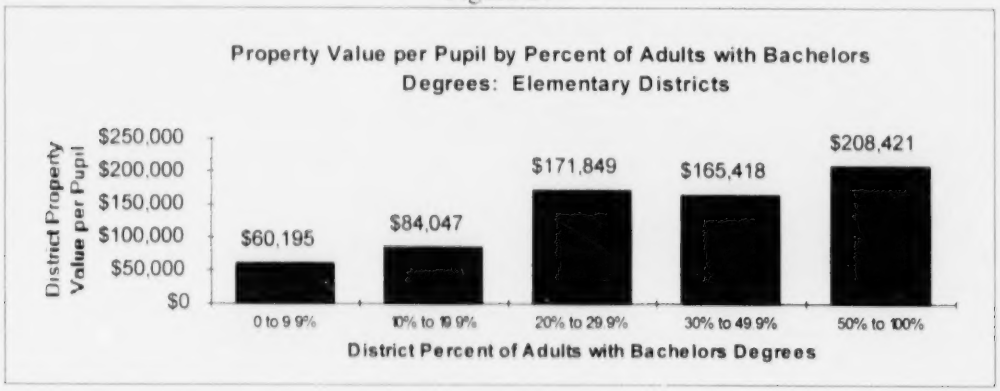


Figure 30

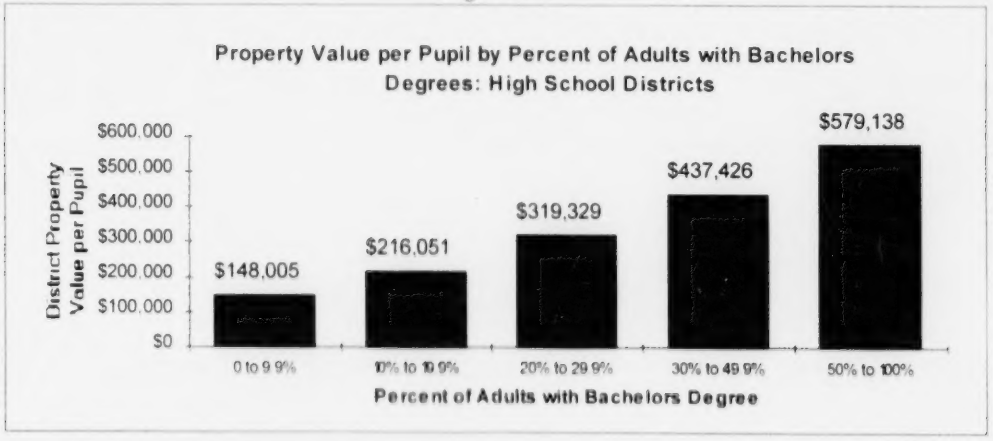
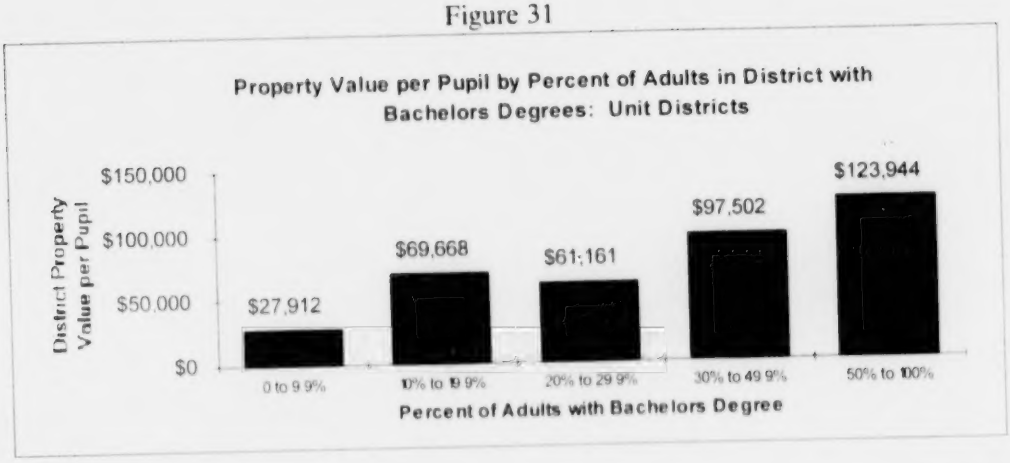


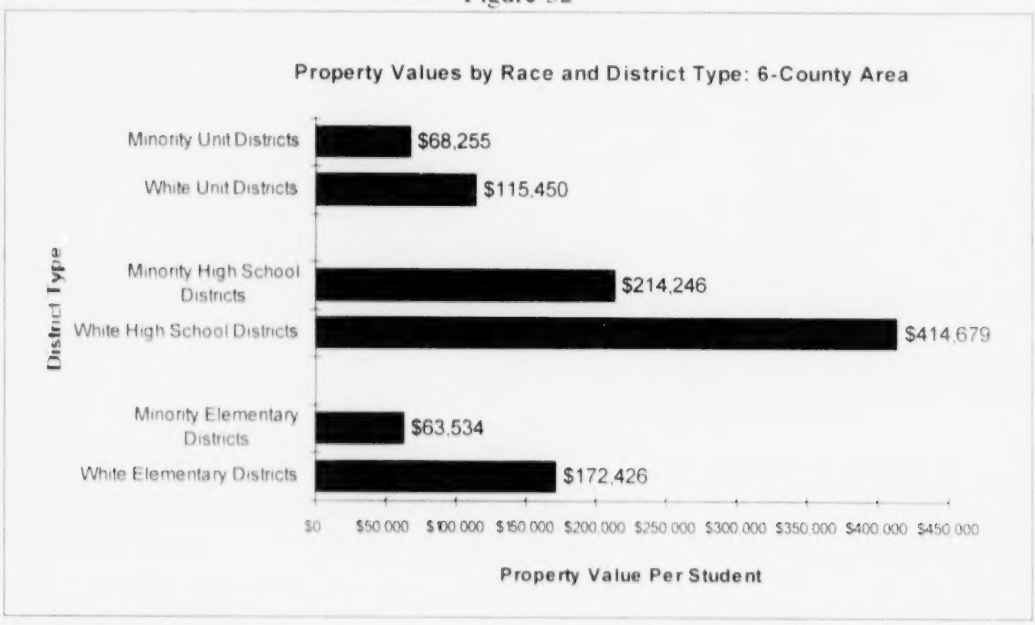
Figure 31


Property Value per Pupil by Percent of Adults in District with Bachelors Degrees: Unit Districts
District Property Value per Pupil
$150,000
$100,000
$50,000
$0
$27,912
$69,668
$61,161
$97,502
$123,944
0 to 9.9%
10% to 19.9%
20% to 29.9%
30% to 49.9%
50% to 100%
Percent of Adults with Bachelors Degree

Racial Segregation and Property Values

The pattern of disparate access to educational resources from taxable property also extends to consideration of racial segregation in the northeastern six-county area. Predominantly white elementary school districts average more than twice the taxable property per student than districts with large numbers of African American and Latino children. White high school and unit districts average almost twice as much property value per student as districts with high percentages of minority students.

Figure 32



METHODS AND SOURCES

1. District revenue per pupil was calculated as follows:

For the purposes of this study, district revenue consists of projections of General State Aid to individual districts, Corporate Personal Property Replacement Revenues and estimates of local property tax revenues for the 1993-1994 school year. Local property tax revenues were calculated by applying the 1992 Operating Tax Rate to the 1992 Equalized Assessed Valuation. These figures were obtained in computer files from the Illinois State Board of Education. This represents our best estimate of unrestricted FY-94 district revenues. State Chapter I funds are allocated through the General State Aid formula and are, therefore, treated in this analysis as "unrestricted" revenues.

In order to account for the variation in purchasing power across the state, revenues for each district were then divided by the McMahon Index, a statewide cost of living index developed at the county level by Walter McMahon of the University of Illinois. This index was endorsed for this type of purpose in the Report of the Illinois Task Force on School Finance, January 1993 (Illinois State Board of Education, Springfield, IL, 1993, pp. 11, 44.)

Revenue per pupil was calculated by dividing the McMahon-adjusted revenue per district by district enrollment as reported for the 1993-1994 school year in the Illinois State Report Card.

Third grade reading and mathematics scores, as well as racial distributions of students was also obtained from the 1993-1994 Report Card data.

Data for median income of households in school districts and percent of adults living in school districts with Bachelors Degrees was obtained on CD ROM from the School District Data Book: 1990 Census School District Special Tabulation. U.S. by State, Volume SDDB-00, National Center for Education Statistics, U.S. Department of Education.

HOW IS THE SYSTEM'S DISFUNCTION EXPERIENCED?

In order to achieve an understanding beyond the statistical patterns of how the education funding system operates for school districts in need of resources, the League spoke to superintendents of four Cook County districts serving large numbers of minority students.

Elementary School 160, South Cook County
Ed Chartraw, Superintendent

District 160 is in a middle to upper class community, comprised of 53 percent African Americans and 44 percent whites. The student population is more than 90 percent minority. The homes in the district range from modest to upscale and are well-maintained and elegant. The problem in District 160 is the insufficient commercial and industrial base, and a resulting lack of tax dollars to help support schools. As a consequence, the burden of school support falls squarely on the shoulders of individual taxpayers.

Mr. Chartraw points out that taxpayers in his district are "definitely tapped out." There is a strong community commitment to supporting the schools, and in fact his district recently passed another property tax increase in March, 1994. They are now among the top five districts statewide in terms of the tax rate burden they have taken on. "Because our taxpayers are willing to pay so much to support the local schools," explains Mr. Chartraw, "our district schools are not in a desperate situation. However, the current system of funding allocation is grossly unfair. Any kind of change to better equalize funding in Illinois would help. Our taxpayers are making a huge effort, but because of the relatively low property values, our school resources are just barely adequate."

Elementary School District 130, South Cook County
Barbara Mackey, Superintendent

District 130 is racially mixed: about 20 percent of its students are African-American, 30 percent are Hispanic, and 50 percent are white. Almost 50 percent of the students are classified as low income. District 130's story highlights the difficulty in depending on local tax revenues to operate schools.

Unlike the taxpayers in District 160, the taxpayers of District 130 have not historically been willing to increase their tax burden greatly. Until a referendum was passed last year, the local tax rate had not increased since 1966. After voting 'no' twice to a $0.90 increase, the taxpayers in the district finally passed a referendum raising the educational funding portion of the tax rate from $1.60 to $2.10 per hundred dollars in property value. However, tax caps may prevent District 160 schools from receiving all of the revenues taxpayers now appear willing to pay.

But District 130's property tax nightmares do not end there. "Residents feel that money for the

schools should be coming from the new shopping complex that was recently built in our district," Dr. Mackey continued. "But the city gave made the complex a Tax Increment Finance District -- a TIF. That's used as an incentive to get developers to build in a so-called 'blighted' area. It gives the developers a break on property taxes. The sales tax revenue goes to the city, not to the schools. But that's not all, there's more! The original developer promised to make a $100,000 payment to each of the two local school districts -- but that developer went bankrupt. So when a second developer took the project over, they were not bound to make good on the promises of the first developer. No matter how you look at it, our school district just keeps losing ground."

District 169, South Cook County
Willie Davis, Superintendent

District 169 serves primarily minority students and suffers from a combination of low residential property values and incomes, combined with a weak industrial property base. "Illinois has to get away from reliance upon a property tax base," Dr. Davis explains. "In our district, property values are extremely low. A number of housing projects and Section 8 housing dominate a significant portion of our district's geography. We have minimal industry here, although that is not a new phenomenon."

"Poor districts like ours," continued Davis, "have to rely on state aid because the property tax base is insufficient. There must be a component in the state aid formula that accounts for the poor children and children with special needs. Many people fail to understand that schools function like businesses in that we have financial obligations that must be met such as salary and insurance increases. However, we can't always pass those costs on to consumers in the same way companies can. We have to ask for tax increases from taxpayers who are not always receptive."

High School District 228, South Cook County
Jim Riordan, Superintendent

Although as a high school district it is far larger, District 228 suffers equally from lack of local property tax base. "This district has the lowest assessed property tax valuation of any high school district in Cook County," Dr. Riordan said. "We have no shopping centers, no industry, no railroads. What we do have is a lot of is forest preserves, churches and interstates. That makes it a nice place to live, but it leaves us with very little property tax base. There is good community support for the schools, but without any industrial property tax income, we are in serious financial trouble. We are now on the [Illinois State Board of Education] Financial Watch List. We had to borrow money in order to just keep things running, so the State put us on the watch list. We are the lowest spending district in Cook County. The teachers' salary is 26th out of 27, almost the lowest. Our district has the highest number of students per teacher, and the lowest number of support staff. And this is despite the fact that our community is willing to pay a high tax rate and get personally involved. In our district, for four high schools, we have 70 booster clubs! Our residents are doing everything they can and more. Even so, we are in dire financial straits. And now Illinois has

passed a tax cap. That is bad news for us, really bad news."

How would these superintendents spend new revenues if the Illinois school funding formula were changed and educational revenues were more equitably raised and distributed? A number of items are desperately needed that would lead to improved student outcomes: smaller class sizes for more individualized instruction; an expanded curriculum, especially in the sciences and languages; expanded support services for the neediest children; a longer school day and extended school year; full day Kindergarten; compensatory tutoring; and higher, more competitive salaries for teachers.

All four superintendents agreed on one area of need: technology. "By 'technology' I mean computers, satellite dishes . . . in general, anything that could bring in the outside world," explained Dr. Davis. "There is so much technology available now that our students absolutely need to have access to in order to be competitive," Dr. Riordan insisted. "Interactive systems, network linkages, satellite dishes. The wealthier districts have this technology available for their students. Our students will eventually be seriously disadvantaged in college or in the job market if we cannot get this technology to them. There's no way they'll be able to compete on any kind of equal footing."

Dr. Mackey views the role of her schools in the community in a holistic light. "Schools, especially in a district like ours, where the families are low income and some parents have to struggle and work long or irregular hours, should keep in mind the needs of the whole community. I try to keep the school open for community activities, so that everyone can feel like a part. It's not enough to give the children classroom instruction. If we truly want to give these children a chance, we should also have services available like latch-key programs, day care for parents who have to work late. A student whose parents are at work is not going to go home and do his or her homework. We really need compensatory tutoring programs for many of our children. Our situation is getting worse. The future for our district, and for our students, does not look rosy. It is bleak indeed."

APPENDIX

NUMBER OF DISTRICTS BY CATEGORY

Median Household Income

	Elementary	High School	Unit
> $50,000	54	9	6
$40,001 to $50,000	81	25	27
$30,001 to $40,000	133	34	95
< $30,000	127	40	272

Minority/White Districts
6–County Area

	Elementary	High School	Unit
Minority	25	6	4
White	31	44	173

Racial Composition of Districts Statewide

	African American and Latino	African American	Latino
> 75%	25	18	0
> 50%	44	34	3
> 25%	95	67	18
< 25%	814	842	891

Percent of Adults with Bachelor Degrees in Districts

	Elementary	High School	Unit
50% to 100%	22	6	2
30% to 49.9%	48	11	13
20% to 29.9%	60	14	27
10% to 19.9%	142	50	191
0 to 9.9%	123	27	167

IGAP Reading Scores

	Elementary
311 to 409	100
292 to 310	76
275 to 291	71
254 to 274	59
134 to 253	88

IGAP Math Scores

	Elementary
322 to 458	109
298 to 321	75
278 to 297	65
255 to 277	68
164 to 254	77

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